

## ECONOMIC INTEGRATION AND POLITICAL INTEGRATION

by

LÁSZLÓ VALKI

associate professor of International Law, University "Eötvös Loránd", Budapest

Received 1st October 1976

Ever since the organizations of integration came into being political literature and so also public opinion has begun to be keenly interested in the goal towards economic integration is likely to be heading in the future. May *political intertwining* be expected reasonably after the completion of *economic intertwining*? Is an *automatic* transition imaginable in a certain sense between the two types of integration? Will some sort of a *federation* take shape in the western half of the European Continent?

It is not by mere chance that these questions have emerged. Several economists and politicians expected the resolution of the gravest contradictions of the capitalist system from a European integration already in the years before the outbreak of the Second World War. Lord *Keynes* and his followers have formulated the idea of the unification of the segregated national markets. From this unification they expected the elimination of world economic crises. On the other hand *Coudenhove-Kalergi* and his devotees championed the cause of a federal Europe, hoping the forestall by this armed conflicts between the national States. After the Second World War only economic integration had a fair chance. Still political intertwining was not struck off the agenda. All political leaders of these years thought that the goal was the creation of a United Europe. Robert *Schuman*, one of the most prominent leaders of the movement of integration, e.g. in an article written in 1953 tried to make it clear that after the World War logically first the *political unification* of Western Europe ought to have taken place. Instead, however, it appeared to be more reasonable to create a sectoral integration, like the European Coal and Steel Community. Within the framework of such an organization the intertwining of steel and coal production would anyhow normally bring about the integration of other sectors of economy, and eventually also the birth of the political community.<sup>1</sup> Although the situation has undergone changes in many respects since 1953, doctrines developed on these lines still turn up, even if not in France. E.g. Willy *Brandt*, while still chancellor, made the following statement once he was questioned: "When I appear as the spokesman of the Europe of realities, this does not mean,

as if I had lost sight of the ultimate political goal. This goal is the political community, and nothing else. And this, without depriving the national identities of their contents, presupposes the creation of a justly organized European government, which would make decisions in the field of joint politics and would be under parliamentary control.<sup>2</sup>

Substantially this is the position taken by several bourgeois representatives of the *functionalist* theory of integration. E.g. Ernst Haas believes that among others the process of integration may be described by what is called the "spill over" effect.<sup>3</sup> Haas is convinced that an initial step towards partial integration would trigger off a process advancing and expanding like a snowball, which would then continue to develop with an automatism governed by laws of its own.<sup>4</sup> The goal towards which this process is tending is the creation of an "economic union" and a corresponding "political union" still undefined in their outlines. Consequently economic integration will sooner or later change over to political integration.

Even in Hungary there are authors professing similar opinions. According to István Gyulai e.g. "... economic integration is inevitably followed by a tendency towards political integration, which will prevail by relying on the former."<sup>5</sup> Tibor Palánkai writes that "... from the formal side, integration, as the process of development of definite units, will at a given point of necessity throw out the idea of political integration.... Complete economic union, i.e. the complete economic integration will, like before so also in the future, in all certainty presuppose the political union." Somewhat later, however, he appears to be calling into doubt the primacy of economy in this sense. Referring to the age of the termination of feudal disintegration he remarks that "... the process of integration to national economies indispensably presupposed the political integration, the formation of the national State."<sup>6</sup>

Other authors entertain even stronger doubts as to the functionalist theory. E.g. Imre Vajda states that "although the method of production, the forces of production and the social relations determine the political institutions, as indicated by historical experience, economic interest is after all not a State-creating force .... Economic union is not a stepping-stone on the path leading to [political] integration, it is merely a desirable consequence of it."<sup>7</sup> According to Mihály Simai "the role of the political framework, the significance of the State, are still great enough that the changes likely to take place, the possible shifts in politics and economics in the remaining decades of the second half of the 20th century, will not influence the survival of the States and the political-organizational basic units of world economy."<sup>8</sup> Lindberg, in a work written in conjunction with Scheingold, calls forth attention to the circumstance that the institution of the national State has gathered strength exactly at the effect of integration in the latter decade, so that chances of the formation of a political union are poor.<sup>9</sup> According to Heinz Wagner "today it appears that the belief as if the response to the political economic challenge could again be discovered in the foundation of another, yet greater State, and

that integration now become essential could be achieved only within the framework of a greater State, was wrong. . . . If the 'State' was the only imaginable political organizational form of modern times, then these times are on the decline."<sup>10</sup>

Actually we have sparse knowledge only of the processes passing off in the national States and the nature of the objective and subjective forces preserving the institution of the national State. This may perhaps account for the failure of any attempt at the formation of a theoretically properly founded Marxist position to this day. It is far from the present author to impress the reader as if he were capable of answering this problem, in particular in a complex form. *All we should like to undertake here is to align a few further arguments to make clear, why economic integration cannot spill over automatically into political integration.* Hence it is not our intention to demonstrate that a similar process can take place in no circumstances: in fact certain steps have already been taken to intensify the cooperation of the member States in foreign politics. These steps cannot, however, be considered steps towards integration. Therefore all we want to state is that *this process must not of necessity head towards such a goal.*

Before, however, proceeding to a detailed exposition of our arguments we would remind that the *segregation* of "economic" and "political" integration as outlined earlier, is too rigid and may be apt to lead to erroneous conclusions.

Namely as has already been made clear earlier, in general by the notion of "economic" integration *macro-integration* — established on the international plane — should be understood rather than *micro-integration*, i.e. integration at enterprisal level. The two mutually presuppose each other: at a given point productive integration strikes on the boundaries of macroeconomics, and cannot advance beyond this point without macro-integration. Macro-integration cannot, however, be considered exclusively an economic process. This type of integration is "fundamentally a political question and also one of the sovereign power."<sup>11</sup> Under capitalist conditions macroeconomic integration stands for the creation of a system of political institutions which on the one side provides appropriate *frameworks* and *conditions* for the productive integration of private capital, and on the other, to a significant measure stimulates this capital. This State system of institutions manifests itself on the one side in the direct formation of definite, international, joint economic mechanisms (e.g. customs unions), and on the other, in the creation of international organizations capable of continually deciding on the introduction of yet further economic mechanisms. Decisions on the creation of such a system of institutions as well as the subsequent decisions to be made by the international organizations so created constitute internationally concerted decisions of economic policy. These decisions do, however, by far not stand in all circumstances for the establishment of an economic, i.e. productive or micro-integration in the strict meaning of the term. Consequently what in everyday parlance has received the designation of

"economic" integration is in a large number of instances but the process of institutionalized decisions of international economic policy directed to the creation of joint mechanisms of the member States.

Economic policy for its part is but part and parcel of the general, of necessity state, policy. With the growth and development of society this policy understood in a wide sense tends to differentiate, its particular branches (home, foreign or social policy) become relatively segregated from one another. This does not, however, mean as if there were no interrelations among the particular branches, or with "politics" as a whole. The decision of those responsible for the economic policy of the country will, dependent on the concrete subject of the decision, have repercussions on all other branches of "politics" and vice versa. Any decision in the domain of economic policy will be associated, closely or less closely, with activities for the acquisition and retention of the sovereign power, or the exercise of this sovereign power, and through this, with the struggle of the classes of society with one another (or within the classes, the struggle of strata and groups with one another). Consequently *a decision relating to macroeconomic integration will at the same time become a political decision*, irrespective of whether or not this epithet has been assigned to it. Therefore in the meaning of the term as given above, the "purest" economic integration will in the last resort become a *political integration*, with all its consequences.

In these circumstances is there a sense at all in the distinction between "economic" and "political" integration? In a certain respect there is one. The institutionalized joint decisions of the member States of the integrating region may namely depend on the subject-matter to which they relate have a variety of effects. There are e.g. decisions directly associated with the activity for the acquisition and retention of the sovereign power, or decisions which may substantially influence the power position of certain classes, strata or groups of society. There are yet other decisions which have repercussions in this sense in an indirect manner only. Furthermore the creation of certain institutions, or decisions made by them, may affect the very elements of the essence of the national States, even to a point where these institutions or their decisions bring about the disintegration of these national States and create a new, centralized power system above the States. Other decisions will at the same time and in the last resort leave the fundamental traits of the present structure of international relations unchanged. In this sense, we believe, a realistic line may be drawn between the two sectoral groups of State politics, viz. between the sectors primarily of *economic policy*, and those primarily of *power politics*.

Hence the present study will on this understanding examine whether or not decisions of international integration affecting the particular economic sectors will by themselves elicit the need for decisions of power politics, or bring about the resolution of the national States as macro-frameworks in a large unit. Therefore when in the following there will be

talk of "political" integration, we shall have in mind only a sector of politics, viz. power politics, in the general acceptation of the term:

The hypothesis as if integration of economic policy would infallibly entail the integration of power politics, at the first sight appears to be inspired by Marxism: economy is the determining factor, the concrete forms and framework of the superstructure (this time the State or inter-State system) are defined by economy. The situation is, however, far from being so simple and clear-cut. First, it should be remembered that "economy" is a determining factor on considerations not only of macro-politics, but also of macro-economics. Therefore there can be no talk of the macro-economic framework as such as solely defines the macro-political framework. In fact the former, too, are themselves determined by a third factor, viz. by economy. Therefore from the circumstance that the macro-economic framework actually coincides with the geographical frontiers of the Nine, does not of necessity follow that these has to become the new macro-political framework absolutely. Still let us proceed further. If economy, in the present instance the macro-integration, were considered the sole determining factor, then the actual outlines of the Western European macro-economic frontiers would appear as being somewhat nonsensical. Namely as T. Palánkai states "micro-integration has produced a surf of all-Western-European, moreover in certain fields, of Atlantic dimensions, while macro-integration has remained restricted to a regional organization, to the European Economic Community." Quoting yet another characteristic example he remarks that the United States of America has integrated roughly sixty per cent of the productive capacity of Canada with her own economy, and yet no form of macro-integration whatever has come into being between the two States.<sup>12</sup> There is an example the other way round: the macro-politically integrated China or India could hardly boast of a micro-economic integration at this moment. Consequently the frontiers of micro- and macro-integration do not coincide of necessity at all, therefore there can hardly be talk of mechanical determinedness. Here the well-known statement of Engels may be quoted: "it is not true that the economic situation is the cause, the sole active effect, whereas everything else is but a passive effect."<sup>13</sup> Obviously the formation of the frontiers in the one way or the other depends on a number of factors, such as nationalism, foreign political constellations, historical traditions, etc. It is obvious further that these factors are in interrelations of extreme complexity with one another and of them economy is the determining factor in the last resort only. Therefore the statement that the expansion of the macro-economic framework will as a rule bring about the expansion of the macro-political framework can be made with extreme caution only.

This is, however, but a single approach only to the problem. We shall now tackle the problem from another, and for that matter more important side, namely from the side of the *State* and the *functions* of the State. Whenever there is talk of the resolution of the national State in a larger unit, many are inclined to ignore that State economic policy, or State "interference" in economic life, is but one, and by no means essential,

function of the State. There is hardly need for recapitulating for the reader all relevant fundamental statements of Marxism. Therefore reference will only be made to the following.

As *Engels* has demonstrated, the State has come into being as the product of the division of labour, and of the birth of private property and the classes of society.<sup>14</sup> The maintenance of the economic power of the ruling class namely became necessary. This maintenance of the economic power consisted above all in the safeguard of the property and distribution relations underlying the economic power. The institution of this safeguard is "the territorially segregated public power", the State disposing of a central power-enforcement machinery. Hence the primary function of the State is the preservation of the political power of the economically predominant class. In association with this function though, yet somewhat relatively segregated from it, as the consequence of the development of the forces of production another function of the State, namely the guarantee of the "external conditions of production" has begun to extend to yet wider territories. This trend has manifested itself in the first place in the intensification of the State economic policy. Notwithstanding their mutual interrelation for the purpose of the present discussion the two functions fundamentally differ from each other. In the course of historical development namely *the primary, essential function of the State has preserved its specifically national character*, whereas the other function could increasingly be performed only within the framework of *international cooperation*. It has been within the framework of this cooperation that it has come to the creation of a macro-economic integration. Even if the universality of the production relations has put an end to the earlier segregation of the non-commodity producing states, if in certain geographical regions the development of the international division of labour has brought about the integration of earlier macro-economic units into large units, the fundamental function of the State could nevertheless preserve its national character.

Economy has with success challenged the economic policy possessing a national market and a national rationality only. At the same time, however, *no political factor has yet challenged in any form the organization of class rule within the framework of the national State*. In the present phase class struggle still takes place within the *national State*. The working class has though taken initial steps towards some sort of an international cooperation in the area in process of integration. As is known recently the Western European communist and working class parties have taken action for the coordination of their efforts and for launching a joint campaign against the monopolies. This is, however, by far not the sign of the integration of its forces by the working class. Consequently the capitalist class does not for the time being take into consideration the integration of its power-enforcement organizations.

As regards *economy*, it was the interest of capital, both national and international, to bring about *uniform and well-arranged market mechanisms*

*in a territory of optimal area*, mechanisms namely which would not obstruct the free flow of the factors of production. Capital, however, had not to have recourse to drastic means for the enforcement of its interests. All it had to do was to convince the political machinery of the justness of its ends. The capitalist State proved to be elastic enough: it gave the green light to the flow of the factors of production and in a number of fields abandoned the enforcement of irrational decisions made autonomously in economic policy. It was perhaps due to this elasticity that this State could preserve its life for another historical period. In these circumstances namely national or international capital would have taken action against the institution of a national State on the plane of power politics only, when this State would put up resistance to the objective coercive power arising from the development of the forces of production and attempt to survive not only as a macro-political, but also as a macro-economic unit. Even in this case, however, there would have remained a chance for the capitalist class to stand up against the bureaucratic machinery of the State rather than against the national State itself. It is namely not absolutely the national State which throws obstacles in the way of the development of integration. There may be cases when only public administration will remain conservative. In this case it is sufficient to overthrow the machinery or the leadership rather than to tamper with the macro-political basic unit.

A similar statement suggests itself also in the *international* field. In a large number of States in close economic relations to one another and mature for integration, the capitalist classes defined their interests in a uniform manner and made the respective machineries of public administration recognize these interests. The sphere of States intent to take part in the integration was large enough to prevent conflicts of a graver nature from arising between the States left in the dark and the others in a process of integration. Consequently the institution of the national State was not jeopardized from the international side either: for the solution of the continually proliferating market problems this time the less dangerous and by far more efficacious peaceful methods offered themselves.

In general the statement may be made that the integration of economic policy is but the *process of the partial transition of the capitalist national State into its own antithesis*. In the same way, however, as the ever increasing economic "interference" of the capitalist State has not put an end to private property, although this interference means the partial change-over of private property into its own antithesis, so integration will not absolutely bring about the end of the national State. Moreover in the same way as the one process gives strength to the social system relying on private property, the other process may tend to reinforce the institution of the national State. The State may namely continue to perform its functions of a determining character, viz. the defence of class rule and the guarantee of the "external conditions of production." The one may be guaranteed by the maintenance and improvement of the institutions of the sovereign power of the national State, the other by the

creation of organizations and mechanisms of international integration and the participation in these.

What has been set forth so far may perhaps impress as if in the last resort the integration of power politics depended on whether or not, and to what extent, *the new international bureaucracy* is willing to make its decisions in a manner suiting the collective interests of the capitalist class. If on this understanding the mechanism suffered a defeat, "spill over" and "spill back" would become of equal occurrence in the process of integration. It might happen namely that for the removal of the possible emerging grave contradictions the political leadership of the member States chose the path of "flight forward" and took steps towards the integration of power politics. (In the Common Market motions urging the transformation of the Community into a "supranational" organization generally come forward when the decision-making mechanisms keeps on stalling.) At the same time it might also happen that political leadership took the opposite course. In this case the earlier policy of economic autarchy or protectionism would be apt to return.

It is unlikely, however, that the opposition of the international bureaucracy, or its deviating ideas, would bring about the miscarriage of decision making in the integration. Namely in the bureaucracy of the integration in general the representatives of the same political groupings are active as hold the power in their own States. This guarantees that in the long run the bureaucracy of the integration cannot pursue a policy conflicting with the interests of the capitalist class. To this we have to add that the bureaucracy only prepares and enforces the essential decisions, but never makes them. Decision-making is vested in the organ of the representatives of the governments. For the possible failures therefore in the first place the national bureaucracies are responsible. (To this problem we shall revert.)

By the side of the hypothesis of the spill-over of "economic" integration into "political" integration as a common everyday argument usually the *analogy of the birth of national States* is brought forward. Some of the authors dealing with the theory of integration set out from the thesis that the decay of feudalism and the birth of the national State passed off in close interrelation with the integration to national economy; the one process presupposed the other. From this fact the conclusion has been drawn that in the present regional integrations very much the same development may be expected: history repeats itself.

The partisans of this doctrine are, however, oblivious of an extremely significant difference. The process namely coincided historically with one of the basic forms of the class struggle: the struggle of the feudal class and the bourgeoisie for the political power. At the outset of the process, when the objective demand for integration came to the fore, *another class was the holder of power and at the same time the creation of an integrated national market was the interest of yet another class*. The feudal ruling class laid no claims to integration, moreover it had the feeling, and not without good reasons, as if its very existence were endangered by the creation of the

united national State. It was prepared to defend its vital interests, i.e. the maintenance of feudal desintegration, with all available means. The bourgeoisie gaining strength had no other choice but to rise against feudalism in alliance with the feudal ruler, or without this alliance, on the plane of political power. The bourgeoisie had to create the strong, lasting centralized sovereign power, else it could not hope the establishment of an integrated national market.

The formula of the process of integration passing off today is an altogether different one. *At present the interests of the class holding the political power are attached to integration.* As has already been made clear the capitalist class will not have to stand up therefore against the institution of the national State. It will suffice to come to a settlement within its own class, or with the national public administration.

The following argument against the integration of power politics relies on the statement of *I. Vajda*. In his opinion it is not a criterion of integration that it should take place in all sectors. All that is needed "is the rise of the production and development and of the associated research work of such industries to an international level, and also their programming, as, for their technical standards, manifold verticality, the size of their investments and the rapid rhythm of renewal substantially going beyond the average, cannot be developed to an optimal size without upsetting the intrinsic equilibrium of the national economy. . . . Therefore there is no need for total integration: development calls for *selective integration*."<sup>15</sup> Hence the integration e.g. of the aircraft or computer industry has become indispensable, whereas the integration of certain branches of the foodstuff industry would have directly harmful effects. From this fact an extremely significant conclusion may be drawn, viz. *not even the economic and monetary union would for practical purposes mean a complete, hundred per cent integration.* Consequently integration would leave certain fields or sectors of national economy intact, or at least influence them indirectly only, through the other integrated fields or sectors. In many respects therefore social production will continue to organize itself within the earlier, national framework and the economic-institutional forms will also develop accordingly. Certain national machineries of management and their competences will remain unchanged and in the fields in question neither organizational integration, nor that of the mechanism will take place. Consequently even if we accepted the thesis that integrated production calls for integrated forms of power politics, we should have to admit that several sectors of economy have no effects whatever on the superstructure or its integration. In this case there can therefore be no talk of a "spill over" effect.

Yet let us go further. Actually the situation is one where not only the branches of economic management do not insist on regional guidance in whose field integration has not taken place. Obviously e.g. the organization of the administration of justice does not insist on being raised to a regional level either merely because in certain branches of economy integration has taken place. In the same way and as far as known no

demand for integration has come forward for the integration of certain non-economic fields of management. Merely by way of example we would refer to public health, the prosecution of crime, primary and secondary education, town planning the operation of the means of mass communication and so on. As regards the appearance of military integration, this in general is not associated with economic integration and is expressly the function of the international political constellation. It is by no means accidental that as regards the capitalist countries the geographical frontiers of the two kinds of integration do not coincide.

All that has been set forth merely indicates that *at a given point the process of the assignment of the rights of decision-making to central agencies tends to slacken and enter a phase of stagnation: the jurisdiction of the organization, at least in this relation, does not expand any further.* I.e. no central institution comes into being which would embrace all fields of human activity and cooperation. For that matter this is not even possible. Consequently the paradoxical situation cannot come about where, except for the sovereign power, the member states have already assigned all their jurisdictions to the central organization. This by the way wholly straightforward statement is of importance for us merely because in our opinion the commanding necessity for the integration of the sovereign power cannot emerge unless the sovereign power of the member States would become untenable, or vice versa, the central organs for want of the sovereign power would be unable to make use of their rights. Until, however, a situation of this kind would come about, until a substantial portion of human activity and cooperation would organize itself on the national plane, no objective demand for political integration would be forthcoming.

To all this, however, the objection may be raised that not even in *federal States micro-economic and macro-economic intertwining is a perfect one.* Nor has the integration of the non-economic sectors taken place to the full extent, notwithstanding the fact that federations have unarguably been born as the outcome of political integration. Consequently in these formations the integrated central power and the non-integrated other fields are getting on well with each other.

This is the case beyond argument. In our opinion, however, the case is an altogether different one once there is talk of a State already in being, and so also when the talk is of a region actually in process of integration. In the case of federations namely the sequence was substantially always the reversed: first the political integration took place, to be followed by the economic integration. This statement will retain its validity even when in the majority of cases the two types of integration have developed in close interaction with each other. Namely at the decisive moment the political integration in all cases preceded the economic integration only to provide favourable conditions for the progress of the latter. It was then a matter of indifference for the integrated central power whether this intertwining would take place in all sectors without exception inasmuch

as fundamentally the failure of complete integration to take place did not endanger the survival of integration itself.

All what this wants to express is that if the process had set in on the side of economy and not on that of power politics, *the failure of the particular sectors to become integrated would, in conjunction with other factors, be instrumental in the failure of the political integration and in the preservation of the system of national States.*

Another argument which may be brought forward against the thesis of the change-over of economic integration to political integration implies that by the side of the decision-making activity of the central agencies of the regional organization in the national States there survives the system of what are called *preliminary decisions*. The national State namely has, on joining the organization of integration, merely waived its right to determine certain definite questions of economy autonomously in the future. It has merely agreed with the other member States henceforth to make *joint decisions* in these matters. It has by far not surrendered its right to form an opinion of its own in the given matters or to formulate its national interests and enforce them at the making of regional decisions. And here in each case, in all phases of preparation or discussion, there will be need for preliminary decisions, naturally in the practical sense rather than in the legal. To make these decisions the State will need an adequate amount of information. It will have to make its inquiries, become acquainted with the position taken by the economic institutions or interest groups active in its territory, and to draw up its economic-strategic plans, and so on. In reality therefore about the same process passes off in the national machinery of the State as before. There is but a single, though qualitative difference, namely that the making of the final decision is not anymore solely in the hands of the State in question: here the member States dispose in conjunction with one another.

The situation is very much the same as far as *enforcement* is concerned. This remains invariably within the jurisdiction of the national States. The supreme organ of the integration merely passes the necessary central decisions, still being void of a "local" administrative machinery it has to leave enforcement with the national executive organs to its full extent. Although e.g. the regulations of the Common Market are directly binding not only on the member States, but also on private persons, enforcement as a rule requires a series of further decisions. These decisions of enforcement are made by the national machineries, moreover to a large extent the *supervision* of the carrying into effect of the decisions comes also within their competence.

The survival of the system of preliminary decisions and of the decisions of enforcement implies that *the policy of the administrative machineries of the member states will remain a fundamentally national one even in the future*, mainly for the following reasons:

- the national administration will remain to be staffed by the nationals of the given State;

- the principal officers of the national administration will receive their appointment from the supreme organs of the national State;
- in the course of enforcement these administrations will in most of the cases come into contact with national subjects (enterprises, banks); as has already been mentioned in production no international concerns will come into being;
- viewed from another aspect this stands for the straightforward fact that the national administrations can institute measures for the enforcement of decisions only in the territory of the national State;
- finally coercion will remain national coercion, there being no regional power-enforcement machinery to carry out the decisions.

In our opinion all that has been set forth constitutes a firm basis of the system of the national States and preserves this system to an extent that its disintegration as the result of the "spill over" effect appears to be unimaginable for the present moment. The survival of these bases, together with the revival of other factors such as nationalism, will bring about that the organization of political life will retain its substantially national character. If we accept that the substance of this policy is implied in the struggle for the acquisition of the sovereign power and its maintenance, or in the exercise of the sovereign power, then the statement may be made that in the present structure of integration the battle for the political power has to be waged on the national plane, and that this political power can in the first place be wielded on the national plane only. If namely regional economic-strategic decisions cannot be made unless with the agreement of the member states, and if the enforcement of these decisions takes place also on the national plane, *power will have to be seized within the national state*. All rival groups in the struggle for power are fully aware of this.

The question may, however, be asked, *whether or not some sort of a specific new power has come into being within the central administrations? Cannot international bureaucracy form some sort of a germ of the regional central power?*

To answer this question we have to set out from the definition of power Cs. Gombár has formulated in Hungarian sociological literature.<sup>16</sup> Gombár wants to discover the substance of power in the *virtual possession of decision-making*, i.e. he does not identify this e.g. with the exercise of influence or any other legally defined competence, etc. In his doctrine the "*functional notion*" of power is put together of the following elements:

- *coercion* (here the author has in mind not only concrete physical coercion, but in the wider sense the recourse to any means creating a case of necessity, herein included e.g. the promise of recourse to duress or the creation of a case of necessity);

- *the redistribution of the material and immaterial goods* (this may in a certain sense be reward and punishment, the latter, however, only if it cannot be integrated into the notion of coercion or duress);

- *authority* (which is substantially uniform with the growth of power to a state of legitimacy).

In Gombár's system the economic and intellectual potentials are merely underlying power and can never stand for power by themselves. "From the point of view of power economy is in all cases but a potentiality," he writes and then continues: "the by itself deaf, blind and dumb economic potential awakes to consciousness and begins to operate with all-social validity only in the sphere of politics." In general the component elements referred to above do not occur one by one: they are present jointly, although as indicated by the subject-matter under study, not in all cases. In our opinion the economic and intellectual potentials ought to be supplemented by the category of the "military potential", at least in international relations. It is beyond doubt though that the latter is a function of the economic potential, still in reality a number of counter-examples may turn up.<sup>17</sup>

The basis of power is accordingly,

- the military,
- the economic and
- the intellectual potentials.

This trichotomy may be misleading — one may think that these functional elements rely one by one only on each a basis element in the course of their operation. In reality, however, their interrelation is many-sided: each functional element may rely on any of the basis elements, or on all in conjunction.

Let us now proceed to the study to what extent these elements and criteria may be discovered in the organizational system of the Western European integration.

As regards the *Council of Ministers* this body being composed of the representatives of the governments cannot as for its substance dispose of autonomous power. It is namely void of a military potential of its own, nor are the economic and intellectual potentials its own, these being held by the member States. This means that recourse to coercion cannot objectively be had by the Council, but separately by the member states. The decisions, too, can be enforced by the participants only in their respective countries. The same holds for the redistribution of the goods. As regards the authority of the Council, this can be only a very relative one, partly lent by the member States. It cannot be argued though that the Council is in the virtual possession of decision-making, however, only in so far as the member States pass their joint decisions by availing themselves of the institutional framework of the Council.

Substantially the agency representing the governments has not acquired new powers. What is the situation with the independent machinery, the *Commission*?

This organ has been vested with numerous independent executive and operative competences, in respect of which it is virtually in possession of decision-making powers. Furthermore since the Commission, this independent machinery, initiates and prepares the joint decisions of the member States, it has a defining role in the decision making of the organization.

What is therefore the situation of the Commission as regards the power relations? Has some sort of a power of its own of this body come into being? Obviously the use of coercion or the recognition of the possible recourse to coercion, is out of the question. The Commission like the Council, cannot resort to coercion against the member States, since no powers of this kind have been vested in it, nor does it dispose of a power-enforcing machinery. The situation is, however, an altogether different one as regards the redistribution of goods. The independent organ disposes of substantial material and immaterial goods when (a) it makes decisions autonomously; (b) formally though the Council of Ministers is the decision-making authority, still in the process of initiation and preparation the Commission has already defined the contents of the decision; (c) it takes part as "tenth party" directly in the formulation of the decisions. In these cases therefore, solely or in conjunction with the member States, decision lays virtually with the bureaucratic machinery.

This is borne out by the formation of transnational capitalist concerns referred to earlier mainly to influence the decisions of the Commission. The policy on this understanding is betrayed by the fact that the leading capitalist concerns recognize the special role of the Commission in decision-making as legitimate, i. e. the bureaucratic machinery has by this got hold of prestige.

Hence the Commission disposes of two of the three "functional" elements of power, viz. of the *capacity for the redistribution of goods and authority*. The statement may also be made that a substantial part of the regional decisions come into being within this organization is virtually possessed by this organ.

What is the situation with the "basis elements"?

Power has been conferred on the bureaucratic machinery not only by the member States. In fact much of this power has been lent by the transnational pressure groups. The majority of these groups namely possesses a substantial economic potential. On the other hand the economic potential will, exactly through the groups in process of organizing on the political plane, transform into power, i. e. the groups acquire a certain dexterity in management and prestige by relying on the existing economic basis. In the present instance therefore the talk is of political communities where, too, some sort of power of their own tends to develop. These communities make use of this power to stand up against other groups and to gain a favourable position for themselves at the distribution of goods. This is not, however, their only function. The pressure groups in question have a significant role in extending their assistance to the bureaucratic machinery whenever there is talk of the enforcement of regional and collective capitalist interests and when these interests have already been appropriated by the machinery. At this juncture the statement may be made that the groups lend power to the Commission. In this case this organ may by relying on the power of their own of the groups vindicate its claims against the States. It may even occur, when the one group or the other has made futile attempts at influencing

the attitude of the given State on the national plane, that it will try to make good its interests on a regional plane, through the Commission.

This does not of course mean as if the opinions of the pressure groups and the bureaucratic machinery were congruous in each case. The groups often come into conflict with the Commission, if the latter embarks on a policy departing from that of the groups. If, however, in this process the Commission has been worsted and approves of the opinion of the groups in question, in the ensuing process of decision-making it may reckon with their power and assistance.

On hand of what has been set forth the statement may be made that in a lucky case the bureaucratic machinery may rely on two of the three "basis elements" of power, viz. on the *economic and the intellectual potentials*. (In the European Economic Community the intellectual potential is provided by a staff of about seven thousand well-trained employees and in certain cases by a large number of experts and professionals.) Hence a relatively autonomous power of a certain degree has developed for use by the Commission. The autonomy is a relative one merely because of the organizational system *as a whole* the member States continue to dispose: eventually the member States determine the direction of the further development of the integration through their representatives. The Commission may make use of the power of its own only within a definite scope and even this scope has been narrowed down by the political action of the member States, in the first place by France, during the latter decade. The gist of the matter is that at the time of the birth of the EEC the member States *agreed* and are *agreeing* even today that the central machinery has developed to a relatively autonomous power, merely because the members were in need for a specialized institution representing regional capitalist interests. *It is out of the question, however, that this power should develop to the germ of a later regional central power.* To this namely for want of the third, and the most important basis element viz. the voluntary surrender of power by the member States would be required. Automatic "self-development" is unimaginable.

What has been said cannot at the same time be construed so as to preclude the organization from constituting a segregated power unit with respect to the *rest of the world*. The functional and basis elements here discussed may be exploited also in the international relations of the Community. Here, however, in the first place the economic-military-intellectual basis of the member States has a part to act. By the side of this part the forces at the disposal of the bureaucratic machinery shrink to insignificance. Consequently the foreign political institutions so far created, or to be created, within the European Economic Community will transform the economic-military-intellectual potential of the *member States* to power, and not that of the Community. Therefore the special power of the organization cannot constitute the germ of some sort of a regional central power even in the field of foreign relations.

On continuing this analysis of the general interrelations of the economic and political integration we have to refute a hypothesis re-

cently gaining in currency. Bourgeois sociologists often venture the statement that the "spill over" effect in reality operates "*through the spirit*". From this they conclude that the system of values of the actors coming into contact with the integration as the outcome of economic intertwining will tend to change gradually. Or as Haas states it, their expectations, loyalty and political-economic activity partly shifts to the new, regional centre.<sup>18</sup> The actors further learn to solve any problems emerging in each case in conjunction with the member States of the region and even acquire the corresponding abilities demanded by the integration for closer cooperation. *The changed system of values of the actors do not fail to have an effect also on those active in fields not yet affected by the integration.* Thus the system of values of the latter actors will also tend to change, and these actors will slowly bring forward claims to the integration of their own territories even before a material need presents itself. According to those professing this doctrine this would be the case also in the relations of the sphere of economics and politics. Those in possession of the political power would sooner or later feel the need for an intertwining of powers also in the international plane and as the outcome of their activities the economic integration would change over to a political integration.

What has been said on advancing the foregoing arguments in our opinion offers an answer also to this hypothesis. Namely when in the course of economic integration *in statu nascendi* the institutions of preliminary decision and national enforcement can be salvaged, then the system of values of the actors cooperating in the integration will be modified partly and in a definite sense only. This partial modification will be inadequate to have an impact on the consciousness of those active in the sphere of politics and power in any decisive manner and so trigger off the "spill over" effect. The effect will be weakened furthermore by the fact that integration does not pass off in all sectors of economy. Consequently the system of values of some of the actors will not change at all. Therefore in all groups of the actors the system of values preserving the institution of the national State will more or less survive.

In this trend of thought the question may turn up, whether the conflict of interests of the States in process of integration would not call for the concentration of power in a single hand. Werner Kaltefleiter e. g. in this connexion makes the statement that "the bridging of the conflict of interests presupposes a superordinate, independent political power." According to this author the central organ once become independent should not be forced to have recourse to the power formations of the member States for the enforcement of their decisions. Therefore also power should be integrated, concludes Kaltefleiter.<sup>19</sup>

The author, however, goes too far when for the bridging of conflicts of interests he has in mind means of power only. His thesis would mean that in principle in international life not a single controversy could be settled, there being no "superordinate" power above the States. In our opinion by the side of the various international conventions and diplomatic channels in the first place exactly the organizations of integration

are those which dispose of fairly developed institutions for the settlement of conflicts by a compromise or by mutual consent. Of course there are conflicts, and by far not a few only, which defy attempts at settlement by a compromise or by consent. The presumed advantages achieved while "bridging" these conflicts are eclipsed by the extraordinary drawbacks and hazards implied in an integration of power.

Another factor preserving the institution of the national State is the interest of the capitalist class exclusively in the creation of an organization of integration within which *it can take part at least indirectly in decision-making*, or prevent decisions, perhaps reasonable for the all-capitalist interests of the given region, yet unreasonable from the point of view of national capital, from being passed. To this end the safest means is the institution of joint and concerted decision-making, when the last word is said by the representatives of the governments of the national States, and not by some sort of a supranational, independent organ. For this contingency the law of unequal development may account, a law namely which has its roots exactly in the existence of national States, but which at the same time draws the capitalist class to the national State faithfully serving the special interests of this class.

Incidentally the national State performs its function of the safeguard of interests not only at the decision-making of the integration, but at the same time it serves as "*built-in safety organization*" in the operation of the international machineries of the integration, whenever national capitalist interests of a sudden find themselves in a critical situation in the integrated market (see the legitimate cases of the institution of extraordinary measures for the safeguard of national economy). None of the national groups of capitalists participating in the integration can in the long run feel itself strong enough to deprive itself of the protection of its own national State.

Finally our last argument relies on a noteworthy statement made by Heinz Wagner and at the same time casts a light on an alternative course of development. According to Wagner no cogent argument can be advanced for entrusting the totality of problems solvable at the international level to a single organization. As a matter of fact there are problems which for a solution call for the *integration*, whereas there are others where *cooperation* would suffice. At the present state of differentiated development of the world the various problems could be tackled best by international organizations of different types and composition. Wagner by the side of the Common Market refers to OECD, GATT, NATO, the Council of Europe, the IMF, UNESCO, etc., which owe their lives substantially to this principle.<sup>20</sup> This principle partly rests on the regularity of unequal capitalist development, partly it gives expression to certain geographical regularities and the segregation of certain functions. Obviously only countries as for their stage of development and social system are capable of bringing about a close economic integration. It is impossible to integrate all States of the world into a single unit, there being striking differences in development between them. Nor do all States belong to a uniform

economic region. At the same time there are functions which would demand the cooperation of all States irrespective of the social order or geographical situation, naturally in a form by far looser than an integration (e. g. in certain spheres of hygiene or international security).

In our opinion the differentiated development of the system of international organizations operates against the political integration. Here we agree to some extent with Uwe Kitzinger: "For historical and technological reasons we have become used to a form of organization, where unrestricted jurisdiction existed in a geographically limited territory.... this organizational form may be called vertical. In the earlier periods of technological development, when culture developed restricted by linguistic rather than technological conditions, this was a fairly adequate form of organization. Today, however, a further dimension, the horizontal, should be introduced as the pattern." In contradistinction to the former a "limited jurisdiction in an unlimited geographical space" would be characteristic, or more accurately, "in a geographical space which is in agreement with the geography of a problem (function)."<sup>21</sup> It should be noted, however, that this sparkling paradox is apt to give occasion to misunderstandings. The "limited jurisdiction" obviously refers to the several variants of international organizations. Yet it might refer also to the States, only exactly in their case in an invariably limited territory. We can therefore accept his formulation only in the sense that as for its substance the internal sovereign power of the national State would continue to live, although in an ever more restricted form, and as a matter of course only in the territory of the national State.

On this understanding the reality of the hypothesis formulated by the functionalists, or the partisans of the theory of "spill over" and also of others, appear to be open to doubts. *In the coming historical period the organization of the activities and cooperation of World society will in all likelihood pass off in a differentiated framework.* Dependent on the nature of the task the participants of the organization will be States disposing of a central power enforcement system, further organizations of regional integration, or the traditional particular or universal international organizations.

Our contention is therefore that *the economic integration taking place within the Community and the institutionalized coordination of foreign political decisions in an ever expanding sphere will not change over automatically to a political integration in the strict meaning of the term.*

#### NOTES

<sup>1</sup> Foreign Affairs, vol. 33 (1953) p. 358.

<sup>2</sup> Le Monde, 6 July 1971.

<sup>3</sup> Ernst B. Haas, *The Uniting of Europe: Political, Social and Economic Forces*. London, 1958, p. 283.

<sup>4</sup> See also Leon N. Lindberg, *The Political Dynamics of European Economic Integration*. Stanford, 1963, p. 10 ff.

<sup>5</sup> István Gyulai: The West-European Economic Integration. Budapest, 1971, (in Hungarian) p. 35.

<sup>6</sup> Tibor Palánkai: Theoretical Questions of Capitalist Economic Integration. In Palánkai – Faragó – Valki, Studies on Economic Integration. Budapest, 1971, (in Hungarian) p. 46.

<sup>7</sup> Imre Vajda: Integration, Economic Union and the National State. (in Hungarian) Közgazdasági Szemle (Budapest), 1968, No. 4, p. 404.

<sup>8</sup> Mihály Simai: Segregation and Internationalization of the State. Valóság, 1971, No. 8, (in Hungarian) p. 6.

<sup>9</sup> Leon N. Lindberg and Stuart A. Scheingold: Europa's Would-Be Polity. Englewood Cliffs, 1970, p. 37.

<sup>10</sup> Heinz Wagner: Grundbegriffe des Beschlusstrechts der Europäischen Gemeinschaften. Köln, etc., 1965, p. 3.

<sup>11</sup> Palánkai, op. cit., p. 50.

<sup>12</sup> Palánkai, op. cit., p. 51.

<sup>13</sup> Karl Marx and Friedrich Engels: Selected Works. Budapest, 1949, vol. III, (in Hungarian) p. 504.

<sup>14</sup> The Origin of the Family, Private Property and the State. In Marx – Engels, cit., vol. II.

<sup>15</sup> Vajda, op. cit., p. 403 – 404.

<sup>16</sup> Csaba Gombár: Essay on the Notion of Power. Unpublished paper (in Hungarian), Budapest, 1970.

<sup>17</sup> The most striking example is certainly Japan.

<sup>18</sup> Haas, p. cit., p. 16.

<sup>19</sup> Werner Kaltefleiter: Funktion und Verantwortung in der Europäischen Organisationen. Frankfurt am Main, Bonn, 1964, pp. 147 – 148.

<sup>20</sup> Wagner, op. cit., p. 6.

<sup>21</sup> Uwe Kitzinger: Wohin treibt die EWG? Bergedorfer Protokolle, Bd. 6, Hamburg – Berlin, 1964. pp. 9 and 16 f. (cited by Wagner, op. cit., p. 11).

## WIRTSCHAFTLICHE INTEGRATION UND POLITISCHE INTEGRATION

(Zusammenfassung)

Der Meinung des Verfassers gemäß kann es in absehbarer Zeit nicht erwartet werden daß der wirtschaftliche Integrationsprozeß in eine politische Integration, das heißt in irgendeine Föderationsentwicklung überschlägt. Die Entstehung des nationalen Marktes war zwar seinerzeit mit der Bildung des nationalen Staates eng verbunden, die Geschichte wiederholt sich aber nicht unbedingt. Die Markt- und später die wirtschaftlich-politische Integration kann auch ohne Machtintegration verwirklicht werden. Das Kapital erfordert nicht die Auflösung der Staaten in einer größeren Einheit, wenn es die Befriedigung seiner Interessen in dem gegenwärtigen – im Grunde genommen dezentralisierten System – auch weiter gesichert sieht. Im Gegenteil, im Interesse der Aufrechterhaltung seiner Klassenherrschaft benötigt es ausgesprochen den Nationalstaat. Bis jetzt hat noch gar keine politische Macht gegen die Organisierung der Klassenherrschaft im Rahmen des Nationalstaates eine Herausforderung gerichtet. Der Klassenkampf vollzieht sich im jetzigen Abschnitt der gesellschaftlichen Entwicklung in erster Linie noch immer innerhalb des Nationalstaates. Die marktwirtschaftliche Integration beansprucht aber in sich selbst keine makropolitische Integration: zwischen der Wirtschaft und Politik besteht kein so trivial kausaler Zusammenhang.

Es kann angenommen werden, daß die Organisierung der Tätigkeit und Zusammenarbeit der Gesellschaft in der künftigen geschichtlichen Periode auf adäquater Weise mit dem Charakter der Aufgaben zwischen differenzierter Rahmen vor sich gehen wird. An diesem Prozeß werden sowohl die Staaten mit einem Zentralen Apparat und die regionalen Integrationsorganisationen als auch auf anderen Gebieten die traditionellen partikularen und universellen internationalen Organisationen teilnehmen.

**ЭКОНОМИЧЕСКАЯ ИНТЕГРАЦИЯ И ПОЛИТИЧЕСКАЯ ИНТЕГРАЦИЯ****(Резюме)**

По мнению автора в ближайшем будущем не ожидается изменение экономического интеграционного процесса в политическую интеграцию, т. е. в какое-то федерационное развитие. Хотя в свое время возникновение национального рынка было тесно связано с возникновением национального государства, история не повторяется безусловно.

Рыночную а позже экономическую интеграцию можно осуществить и без интеграции власти. Капитал не требует объединения государств в большую единицу, если он считает обеспеченным и дальнейшее удовлетворение своих интересов в настоящей, по сути дела децентрализованной системе. Даже в интересах сохранения своего классового господства он непременно нуждается в национальном государстве. До сих пор никакая политическая сила не нападала на организацию классового господства в рамках национального государства. В настоящий период развития общества классовая борьба все еще происходит внутри национального государства. Макроэкономическая интеграция же сама по себе не требует макрополитической интеграции: между экономией и политикой нет такой простой причинной связи.

Можно предположить, что организация деятельности и сотрудничества общества в последующий исторический период осуществляться в рамках адекватно дифференциальных по характеру задач. Государства, располагающие центральным аппаратом и региональные интеграционные организации таким же образом будут участвовать в этом процессе, как в других областях традиционно партикулярные и универсальные международные организации.